

AMENDED IN SENATE JANUARY 9, 2006

AMENDED IN SENATE JANUARY 4, 2006

AMENDED IN SENATE MARCH 29, 2005

SENATE BILL

No. 778

Introduced by Senator Florez

February 22, 2005

An act to add Article 1.5 (commencing with Section 865) to Chapter 7 of Division 1 of the Financial Code, relating to depository institutions.

LEGISLATIVE COUNSEL'S DIGEST

SB 778, as amended, Florez. Depository institutions: cashing of paychecks.

Existing law provides for the regulation of banks and other depository institutions by the Commissioner of Financial Institutions, including regulation of federally chartered banks to the extent consistent with federal law. Existing law imposes various requirements on banks and other depository institutions with regard to deposits, checks, and investments.

This bill would ~~require~~ *prohibit* a depository institution that issues paychecks on behalf of a business client ~~to notify the business client that any order, check, draft, note, memorandum, or other acknowledgment of indebtedness, from assessing any charge or fee on an individual seeking to cash a paycheck issued by the business client if the paycheck is in payment of wages due, or to become due, or as an advance on wages to be earned, is required to be, among other things, negotiable and payable in cash, on demand, and without discount.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 1.5 (commencing with Section 865) is added to Chapter 7 of Division 1 of the Financial Code, to read:

Article 1.5. Paycheck Charges

865. A depository institution, as defined in Section 866, that issues paychecks on behalf of a business client ~~shall notify that business client of the client's responsibilities under Section 212 of the Labor Code.~~ *shall not assess any charge or fee on an individual seeking to cash a paycheck issued to that individual by the business client if the paycheck is in payment of wages due, or to become due, or as an advance on wages to be earned by the individual.*